



**Congressional  
Research Service**

Informing the legislative debate since 1914

---

# Jordan: Background and U.S. Relations

**Jeremy M. Sharp**

Specialist in Middle Eastern Affairs

May 8, 2014

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

RL33546

**CRS REPORT**

Prepared for Members and  
Committees of Congress

---

| <b>Report Documentation Page</b>  |                                    |   | Form Approved<br>OMB No. 0704-0188                        |                                  |
|---|------------------------------------|---|---|----------------------------------|
| <p>Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.</p> |                                    |   |   |                                  |
| 1. REPORT DATE<br><b>08 MAY 2014</b>  | 2. REPORT TYPE                     | 3. DATES COVERED<br><b>00-00-2014 to 00-00-2014</b> |   |                                  |
| 4. TITLE AND SUBTITLE<br><b>Jordan: Background and U.S. Relations</b>   |                                    |   | 5a. CONTRACT NUMBER                                       |                                  |
|   |                                    |   | 5b. GRANT NUMBER  |                                  |
|   |                                    |   | 5c. PROGRAM ELEMENT NUMBER                                |                                  |
| 6. AUTHOR(S)  |                                    |   | 5d. PROJECT NUMBER  |                                  |
|   |                                    |   | 5e. TASK NUMBER   |                                  |
|   |                                    |   | 5f. WORK UNIT NUMBER                                      |                                  |
| 7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)<br><b>Congressional Research Service,The Library of Congress,101 Independence Ave, SE,Washington,DC,20540</b>  |                                    |   | 8. PERFORMING ORGANIZATION REPORT NUMBER                  |                                  |
| 9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)   |                                    |   | 10. SPONSOR/MONITOR'S ACRONYM(S)                          |                                  |
|   |                                    |   | 11. SPONSOR/MONITOR'S REPORT NUMBER(S)                    |                                  |
| 12. DISTRIBUTION/AVAILABILITY STATEMENT<br><b>Approved for public release; distribution unlimited</b>   |                                    |   |   |                                  |
| 13. SUPPLEMENTARY NOTES   |                                    |   |   |                                  |
| 14. ABSTRACT  |                                    |   |   |                                  |
| 15. SUBJECT TERMS   |                                    |   |   |                                  |
| 16. SECURITY CLASSIFICATION OF:   |                                    |   | 17. LIMITATION OF ABSTRACT<br><b>Same as Report (SAR)</b> | 18. NUMBER OF PAGES<br><b>24</b> |
| a. REPORT<br><b>unclassified</b>  | b. ABSTRACT<br><b>unclassified</b> | c. THIS PAGE<br><b>unclassified</b>                 | 19a. NAME OF RESPONSIBLE PERSON                           |                                  |

## Summary

This report provides an overview of Jordanian politics and current issues in U.S.-Jordanian relations. It provides a brief discussion of Jordan's government and economy and of its cooperation with U.S. policy objectives in the Middle East, including the promotion of Arab-Israeli peace.

Several issues are likely to figure in decisions by Congress and the Administration on future aid to and cooperation with Jordan. These include the stability of the Jordanian regime (particularly in light of ongoing political change and/or unrest in several other countries in the region), Jordan's involvement in Israeli-Palestinian negotiations, the civil war in neighboring Syria, and U.S.-Jordanian military and intelligence cooperation.

Although the United States and Jordan have never been linked by a formal treaty, they have cooperated on a number of regional and international issues over the years. The country's small size and lack of major economic resources have made it dependent on aid from Western and friendly Arab sources. U.S. support, in particular, has helped Jordan address serious vulnerabilities, both internal and external. Jordan's geographic position, wedged between Israel, Syria, Iraq, and Saudi Arabia, has made it vulnerable to the strategic designs of more powerful neighbors, but has also given Jordan an important role as a buffer between these potential adversaries.

The United States has provided economic and military aid, respectively, to Jordan since 1951 and 1957. Total U.S. aid to Jordan through FY2013 amounted to approximately \$13.83 billion. Levels of aid have fluctuated, increasing in response to threats faced by Jordan and decreasing during periods featuring political differences or reductions of aid worldwide. On September 22, 2008, the U.S. and Jordanian governments reached an agreement whereby the United States agreed to provide a total of \$660 million in annual foreign assistance to Jordan over a five-year period, ending with FY2014. In the year ahead, both parties may try to reach a new five-year aid deal.

In recent months, Congress has taken additional steps to support Jordan. On January 17, 2014, the President signed into law P.L. 113-76, the Consolidated Appropriations Act, 2014 which Congress passed days earlier. The law provides Jordan \$360 million in economic aid and \$300 million in military aid. It also stipulates that "from amounts made available under title VIII designated for Overseas Contingency Operations/Global War on Terrorism, not less than \$340 million above the levels included in the Memorandum of Understanding between the United States and Jordan shall be made available for the extraordinary costs related to instability in the region, including for security requirements along the border with Iraq." The law also continues to authorize foreign aid to be used for loan guarantees to Jordan and the establishment of an enterprise fund. Finally, Congress also appropriated additional Migration and Refugee Assistance funding (MRA) to help countries like Jordan cope with the Syrian refugee crisis.

# Contents

|  |    |
|--|----|
| Overview.....  | 1  |
| Foreign Relations.....   | 2  |
| Jordan and Syria .....   | 2  |
| FY2014 National Defense Authorization Act (P.L. 113-66) .....    | 4  |
| Jordan and the Middle East Peace Process.....                    | 5  |
| Overview .....   | 5  |
| Israeli-Jordanian Tensions.....                                  | 6  |
| Israeli-Jordanian Cooperation .....                              | 6  |
| Jordan and Iraq .....  | 7  |
| Country Background.....  | 8  |
| Domestic Politics and the Economy .....                          | 9  |
| The Hashemite Royal Family.....                                  | 9  |
| Constitution, Parliament, Political Parties, and Judiciary ..... | 10 |
| The Economy.....   | 11 |
| U.S. Foreign Assistance to Jordan .....                          | 13 |
| The Five-Year Aid Deal.....                                      | 13 |
| Economic Assistance.....   | 13 |
| Food Aid.....  | 14 |
| Millennium Challenge Account (MCA).....                          | 14 |
| Military Assistance.....   | 14 |
| Recent U.S. Assistance to Jordan .....                           | 15 |
| U.S.-Jordanian Trade .....                                       | 16 |
| Free Trade Agreement .....                                       | 17 |
| Qualifying Industrial Zones .....                                | 17 |
| Military Cooperation .....                                       | 17 |
| Joint Exercises and Training .....                               | 18 |

## Figures

|  |    |
|--|----|
| Figure 1. IRI Poll – December 2013.....            | 2  |
| Figure 2. Syria-Jordan Border .....                | 3  |
| Figure 3. Jordan and Its Neighbors.....            | 8  |
| Figure 4. Gallup: Poll on Jordanian Wellbeing..... | 12 |

## Tables

|   |    |
|---|----|
| Table 1. U.S. Foreign Assistance to Jordan, FY2011-FY2015 Request .....       | 15 |
| Table 1. Possible Foreign Military Sales to Jordan Notified to Congress ..... | 18 |
| Table 2. Annual U.S. Aid to Jordan Since the 1991 Gulf Crisis .....           | 19 |

## Contacts

|                                 |    |
|---------------------------------|----|
| Author Contact Information..... | 20 |
|---------------------------------|----|

## Overview

Despite conflict on its borders, the Hashemite Kingdom of Jordan appears to remain a relatively stable and reliable partner for the United States in the Arab world. Jordan's strategic importance to the United States may be increasing given the ongoing civil war in Syria, fighting in western and central Iraq, uncertainty over the trajectory of Palestinian and Egyptian politics, and ongoing global counterterrorism operations. In each of these arenas, U.S.-Jordanian military, intelligence, and diplomatic cooperation seeks to empower political moderates, reduce sectarian conflict, and eliminate terrorist threats.

Jordan's small size, lackluster economy, divided population, controlled political system, geographic location, and cooperation with the West are inherent vulnerabilities that U.S. policymakers seek to mitigate. Jordan has taken a cautious approach to Syria's civil war, fearing that deeper involvement could invite either retaliation by the Asad government or extremist attacks from radicalized Islamist rebels. Regarding the Israeli-Palestinian conflict, Jordanian officials warn that the recent breakdown of U.S.-brokered Israeli-Palestinian negotiations could preclude a two-state solution and lead to renewed Israeli right-wing claims that "Jordan is Palestine." On a broader level, as numerous Arab countries grapple with internal turmoil and terrorism, one potential concern is a scenario in which anti-government unrest provokes a heavy-handed response by Jordanian security forces, tarnishing Jordan's carefully-cultivated image of tolerance and moderation. As U.S. relations with other Arab states, such as Egypt and Saudi Arabia, have come under new strains, strong U.S. ties to a stable and moderate Jordanian government at peace with Israel appear extremely valuable.

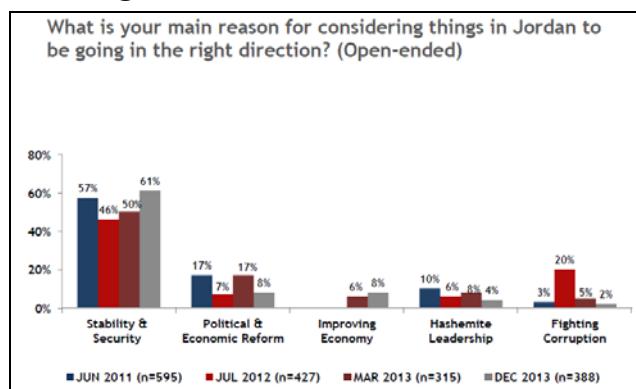
With nearly 600,000 Syrian refugees in a country where domestic youth unemployment is high, water is scarce, and the budget is in chronic deficit (largely due to subsidies and an overweening civil service), Jordan is more dependent than ever on external aid. The United States, Europe, and Arab Gulf Countries have provided Jordan with significant financial assistance in recent years. The International Monetary Fund (IMF) is currently lending \$2.38 billion to Jordan over a three-year period. The Arab Gulf states are providing the kingdom with a multi-year \$5 billion aid package. For FY2014, Congress has appropriated over \$1 billion in total bilateral aid to Jordan, and the President is requesting over \$670 million for FY2015.

King Abdullah II, now in his 14<sup>th</sup> year of rule, is attempting to appease domestic constituencies that serve as the foundation for his family's rule, while maintaining external ties to Jordan's financial benefactors in the Arab Gulf and the West. Jordan has experienced periodic social unrest since 2011, but not at nearly the same level as some other Arab countries. Overall, while many Jordanians are struggling economically, popular movements for democratic reform have failed to galvanize decisive support. Instead, the King himself has often tried to appear as the most fervent advocate of reform. Many observers, however, assert that the King's top-down reform process is more politically expedient than substantively effective.

The Muslim Brotherhood in Jordan has been described as “loyal opposition” to the monarchy. The group’s political wing boycotted the most recent parliamentary elections, though it continues to be influential in unions, student groups, and professional associations.

At the moment, public opinion on the general state of the country’s affairs would seem to be improving slightly.<sup>1</sup> According to a December 2013 International Republican Institute (IRI) poll, this is mainly due to the public’s growing confidence in the stability of the country rather than improvements to the economy or political system. Public confidence in the stability of the kingdom rose 11% between March and December 2013 (see Figure 1).

**Figure 1. IRI Poll – December 2013**



**Source:** International Republican Institute, Dec 2013

## Foreign Relations

### Jordan and Syria<sup>2</sup>

**The Humanitarian Crisis.** The continued inflow of Syrian refugees is placing tremendous strains on the Jordanian government. The United Nations (UN) High Commissioner for Refugees in April 2014 estimated that there were 595,369 registered Syrian refugees in Jordan,<sup>3</sup> increasing the country's population by 10%. Some estimates suggest that the total Syrian refugee population in Jordan could surge to over 800,000 by the end of 2014.<sup>1</sup> Most Syrian refugees in Jordan have settled in urban areas, with only 20% of refugees residing in camps—primarily the 80,000-person tent “city” of Al Zaatri in northern Jordan. This camp opened in July 2012 and by some estimates is now the fourth largest urban area in Jordan. The United Arab Emirates has constructed a smaller refugee camp in Jordan, and a third camp, the Azraq refugee camp 60 miles east of Amman, opened in April 2014.<sup>4</sup>

Jordanian border authorities at times have blocked some refugees from entering the kingdom and forcibly deported others due to security concerns or the strains the refugee population has placed on the country’s northern provinces.<sup>5</sup> Rents have nearly tripled in border towns such as Mafraq and Ramtha, making housing unaffordable for many Jordanians. Jordan’s hospitals, schools, sanitation and water systems are facing similar strain.<sup>6</sup> Some Jordanian observers are writing

<sup>1</sup> <http://www.iri.org/news-events-press-center/news/iri-poll-jordanians-encouraged-stability-concerned-about-high-prices-a>

<sup>2</sup> This section was prepared with the assistance of Carla Humud, Analyst in Middle Eastern and African Affairs.

<sup>3</sup> UNHCR, Syrian refugee data, at <http://data.unhcr.org/syrianrefugees/country.php?id=107>.

<sup>4</sup> “Hundreds of Refugees arrive in new Jordan Camp,” *Daily Star*, April 29, 2014.

<sup>5</sup> “Displaced Syrians Stranded along Jordanian Border; Humanitarian Crisis Feared,” *Washington Post*, July 23, 2013. Additionally, reports indicate that Jordan has sought to prevent Palestinian refugees in Syria from entering Jordan.

<sup>6</sup> “Jordan’s Urban Refugees,” *New York Times*, March 17, 2014.

articles openly questioning the wisdom of continuing to accept Syrian refugees and warning that resource, budget, and demographic pressures may disrupt life in the kingdom for a decade or more. According to the U.S. State Department, the United States has allocated more than \$268 million in multilateral humanitarian assistance to help Jordan cope with the Syrian refugee crisis.

**Figure 2. Syria-Jordan Border**



**Source:** Graphic created by CRS. Borders and other elements generated by Hannah Fischer using Department of State border and Syrian refugee data (2013), Esri (2013), and the National Geospatial Intelligence Agency (2014).

**Cross-Border Terrorism.** Jordanian border guards have exchanged fire with both Syrian government forces and Syrian opposition groups. Reports indicate that Jordanians with Salafi-Jihadi beliefs are crossing into Syria to join extremist rebel factions, and Jordan is concerned that the southern Syrian province of Dar'a could be gradually taken over by Al Qaeda-linked terrorist groups. Salafi groups in Jordan claim to have recruited 1,800 Jordanians to fight in Syria.<sup>7</sup> Fearing that citizens radicalized in Syria could return to conduct attacks at home, authorities have sought to prevent Jordanian fighters from re-entering the country; those captured at the border are

<sup>7</sup> "Jordan: Salafi trend active in Palestinian Refugee Camps to Recruit Youth for Fight in Syria," *AmmanNet*, April 7, 2014.

frequently imprisoned after a military trial.<sup>8</sup> In an unusual strike, Jordanian aircraft in April destroyed three vehicles attempting to cross from Syria into Jordan, alleging that they contained Syria-based militants seeking refuge. Amman maintains diplomatic and economic ties to Damascus despite its assistance to rebel groups. Jordan has sought to prevent rebels from attacking the Nasib border crossing, still run by the Syrian government, so as to not disrupt bilateral trade.<sup>9</sup>

**U.S.-Jordanian Military Cooperation Relating to the Syrian Civil War.** The United States has sought to ensure that fighting in Syria does not destabilize Jordan. In late 2012 the Defense Department sent a task force of “planners and other specialists” to Jordan, and in April 2013 deployed an Army headquarters element (est. 200 personnel) to help Jordanian forces defend their border with Syria. The Defense Department noted that the U.S. troops would train and equip Jordanian forces to “detect and stop chemical weapons transfers along Jordan’s border with Syria, and develop Jordan’s capacity to identify and secure chemical weapons assets.” U.S. forces also have been tasked with assisting border authorities with coordinating assistance to refugees. In June 2013, after a two-week multilateral military training exercise in Jordan in which U.S. forces participated, President Obama notified Congress that he was leaving some of the forces that had participated in the exercise in Jordan “until the security situation becomes such that it is no longer needed.”<sup>10</sup> The U.S. contingent includes a Patriot missile battery and its associated support systems, F-16 fighter aircraft, and various command and control personnel. Public statements by U.S. officials and numerous open source reports suggest that the United States may be, under covert authorities, running a training program for moderate elements of the Syrian armed opposition, possibly inside Jordan,<sup>11</sup> in order to bolster non-al Qaeda-affiliated opposition forces operating along Jordan’s northern borders. According to reports, Western and Arab intelligence officials operating out of a command center in Amman channel sniper rifles, mortars, heavy machine guns, and vehicles to Supreme Military Council (SMC)-affiliated fighters in Syria.<sup>12</sup> The government of Jordan denies any involvement either in the supplying of armaments or the training of rebel forces. CRS cannot confirm these reports.

## FY2014 National Defense Authorization Act (P.L. 113-66)

In order to bolster Jordan’s border security, Congress included Section 1207 in H.R. 3304, the National Defense Authorization Act for FY2014. This section authorizes the Secretary of Defense to provide assistance, with the concurrence of the Secretary of State, on a reimbursement basis to the Government of Jordan for purposes of supporting and maintaining efforts of the armed forces of Jordan to increase security and sustain increased security along the border between Jordan and Syria. The funds are to be drawn from the Coalition Support Fund account. According to the Act,

---

<sup>8</sup> “Jordanian Jihadis returning from Syria War rattle U.S.-Aligned Kingdom,” *Reuters*, April 17, 2014.

<sup>9</sup> “Jordanian Jets Strike Vehicles trying to enter from Syria,” *New York Times*, April 16, 2014.

<sup>10</sup> “Letter from the President -- Regarding the War Powers Resolution,” White House Office of the Press Secretary, June 21, 2013.

<sup>11</sup> According to one recent report, “Neighboring Jordan has quietly played a key role in helping coordinate divided FSA [Free Syrian Army] forces in the south of Syria, channeling Western aid, guns and ammunition. Wounded fighters are treated in Jordanian medical facilities. FSA commanders travel here to meet with US, European, and Arab military and intelligence officials. As part of its covert aid to the Syrian opposition, the CIA is leading the training of Syrian fighters in the south of the kingdom, US officials say privately.” See, “As Foreign Funds run Dry, Syrian fighters Defect to Anti-Western Militias,” *Christian Science Monitor*, December 16, 2013.

<sup>12</sup> See for example, “Secret HQ in Amman helps and directs Syrian Rebels in South,” *The National* (UAE), December 28, 2013; and “Warily, Jordan assists rebels in Syrian war,” *New York Times*, April 10, 2014.

the total amount of assistance provided under this authority may not exceed \$150 million and may be provided in quarterly installments through December 31, 2015.

## Jordan and the Middle East Peace Process

### Overview

Helping secure a lasting end to the Israeli-Palestinian conflict is one of the highest priorities of the Jordanian government. Although Jordan joined other neighboring Arab states in a series of military conflicts against Israel between 1948 and 1973, the late King Hussein (ruled 1952-1999) ultimately concluded that peace with Israel was in Jordan's strategic interests due to Israel's conventional military superiority, the development of an independent Palestinian national movement that threatened both Jordanian and Israeli security, and the need for Jordan to regain Western support after it backed Saddam Hussein's Iraq politically in the first Gulf War.<sup>13</sup> Consequently, in 1994 Jordan and Israel signed a peace treaty,<sup>14</sup> and King Abdullah II has used his country's semi-cordial official relationship with Israel to improve Jordan's standing with Western governments and international financial institutions, on which it relies heavily for external support and aid.

Nevertheless, the persistence of Israeli-Palestinian conflict continues to be a major obstacle to Jordan's development. The issue of Palestinian rights resonates with much of the population, as more than half of all Jordanian citizens originate from either the West Bank or the area now comprising the state of Israel. There are an estimated 2 million United Nations-registered Palestinian refugees in Jordan, and, while many no longer regard their stay in Jordan as temporary, they have retained their refugee status both as a symbolic sign of support for Palestinians living under Israeli occupation and in hope of being included in any future settlement.<sup>15</sup>

Furthermore, for King Abdullah II and the royal Hashemite family, who are of Arab Bedouin descent and whose legitimacy historically derives from the support of tribal families from the east bank of the Jordan River, finding a solution to the conflict is considered a matter of political survival. Although the Palestinians may be less rooted in Jordan than its East Bank citizens, because they constitute a majority and express some grievances about their status within Jordan

---

<sup>13</sup> In 1991, Congress suspended the delivery of U.S. economic and military aid to Jordan as a result of its support for Iraq. See Section 502 of P.L. 102-27, the Dire Emergency Supplemental Appropriations for Consequences of Operation Desert Shield/Desert Storm, Food Stamps, Unemployment Compensation Administration, Veterans Compensation and Pensions, and Urgent Needs for the Fiscal Year Ending September 30, 1991 and For Other Purposes.

<sup>14</sup> Jordan and Israel signed the peace treaty on October 26, 1994. Later, the two countries exchanged ambassadors; Israel returned approximately 131 square miles of territory near the Rift Valley to Jordan; the parliament repealed laws banning contacts with Israel; and the two countries signed a number of bilateral agreements between 1994 and 1996 to normalize economic and cultural links. Water sharing, a recurring problem, was partially resolved in May 1997 when the two countries reached an interim arrangement under which Israel began pumping 72,000 cubic meters of water from Lake Tiberias (the Sea of Galilee) to Jordan per day (equivalent to 26.3 million cubic meters per year—a little over half the target amount envisioned in an annex to the peace treaty).

<sup>15</sup> The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) maintains a large presence in Jordan, including part of its headquarters (the other part is in Gaza City). UNRWA has 7,000 staff in Jordan, comprising mostly teachers, doctors, and engineers. It operates 172 schools in Jordan (providing education through 10<sup>th</sup> grade, then the remainder provided by government). According to UNRWA officials, their budget is \$104 million a year. At this point, 83% of all U.N.-registered refugees live outside of UNRWA camps.

relative to East Bankers, addressing their grievances regarding the Israeli-Palestinian conflict is of critical importance to the monarchy. The royal family and their tribal constituents vehemently reject periodic Israeli calls for the reunification of the West Bank with Jordan proper (dubbed the “Jordanian Option”), a maneuver that could inevitably alter the demographic and political status quo in Jordan. King Abdullah II has repeated the mantra that his father introduced after relinquishing Jordan’s claims to the West Bank: “Jordan is Jordan and Palestine is Palestine.”

## **Israeli-Jordanian Tensions**

Although Jordan formally remains at peace with Israel and bilateral cooperation on water and energy has actually expanded in recent months, tensions remain, and several incidents in recent months sparked outcries among Jordanians against continued diplomatic relations with Israel. In February 2014, Israel’s *Knesset* (parliament) held a debate over a motion to assert Israeli sovereignty over the Temple Mount in the Old City of Jerusalem. Jordan’s monarch has claimed to be the guardian of various Muslim and Christian holy sites in Jerusalem and Islamic trust properties (*awqaf*), a role that was recognized by Israel in the 1994 Israeli-Jordanian peace treaty and reaffirmed by the Palestinians in 2013.<sup>16</sup> Although the *Knesset* motion did not pass, some Jordanian lawmakers voted to expel Israel’s Ambassador to Jordan and recall Jordan’s Ambassador to Israel. Jordan’s parliamentarians have reacted that way before, most recently in 2013 when some Israeli settlers entered *Al Haram Al Sharif*, (Arabic for “The Noble Sanctuary,” where the Al Aqsa mosque, the third holiest site in Islam is located) and obstructed worshipers.

In March 2013, Israeli soldiers shot and killed a Jordanian judge at the Allenby Bridge crossing from Jordan into the West Bank, later claiming that the judge had attacked Israeli border guards with a metal pole and attempted to seize a firearm. The killing of the judge sparked protests outside the Israeli Embassy in Amman. The two countries are conducting a joint investigation of the incident, and Israeli Prime Minister Benjamin Netanyahu expressed “deep regret” over the killing.

## **Israeli-Jordanian Cooperation**

**The Dead Sea**<sup>17</sup>: Recently, Jordan and Israel have pursued several potential resource and energy cooperative agreements. On December 9, 2013, Israel, Jordan, and the Palestinian Authority signed a regional water agreement that could pave the way for the Red-Dead Canal, which is a multi-billion dollar project to address declining water levels in the Dead Sea. The Red-Dead Canal is a decades-old plan to provide freshwater to water-scarce countries in the surrounding area while simultaneously restoring the Dead Sea. The “Red-Dead” concept is to pump water from the Red Sea, desalinate some of it, and then transfer remaining saltwater north and below sea level to the Dead Sea. The proposal has been extensively studied; however, its estimated high cost (\$10 billion to \$12 billion) has hindered implementation. Moreover, since Israel, Jordan, and

---

<sup>16</sup> Article 9, Clause 2 of the treaty says that “Israel respects the present special role of the Hashemite Kingdom of Jordan in Muslim Holy shrines in Jerusalem. When negotiations on the permanent status will take place, Israel will give high priority to the Jordanian historic role in these shrines.” In 2013, the Palestine Liberation Organization (PLO) reaffirmed in a bilateral agreement with Jordan that the King of the Hashemite Kingdom of Jordan will continue to serve as the “Custodian of the Holy Sites in Jerusalem,” a title that successive Jordanian monarchs have used since 1924.

<sup>17</sup> See, Testimony of Jeremy M. Sharp, Hearing on Water as a Geopolitical Threat, Subcommittee on Europe, Eurasia, and Emerging Threats, January 16, 2014.

the Palestinian Authority all govern territory or have claims to territory adjacent to the Dead Sea, continued political uncertainty caused by the lack of an Israeli-Palestinian final status agreement also has hindered construction. Palestinians reject moving the canal project forward without a conflict-ending agreement with Israel in place delineating their territorial and riparian rights regarding the Dead Sea and its shore. Nevertheless, Jordan has pursued the Red-Dead Canal concept. Jordan is one of the most water-deprived countries in the world and is constantly searching for new water resources. In August 2013, the Jordanian government announced its intent to construct a scaled-down version of the canal entirely on Jordanian territory. Jordan would then send desalinated water to its southern city of Aqaba and possibly sell excess water to Israel, while sending remaining seawater to the Dead Sea to replenish it. Environmentalists, who have long criticized plans to restore the Dead Sea using Red Sea water, assert that rather than risk damaging the Dead Sea's ecosystem, countries should stop diverting water from the Jordan River, which feeds the Dead Sea.

Under a December 2013 agreement, Israel, Jordan, and the Palestinian Authority have agreed to a water swap. Half of the water pumped from the Red Sea will be desalinated in a plant to be constructed in Aqaba, Jordan, over the next three years. Some of this water will then be used in southern Jordan. The rest will be sold to Israel for use in the Negev Desert. In return, Israel will sell freshwater from the Sea of Galilee to northern Jordan and sell the Palestinian Authority discounted freshwater produced by existing Israeli desalination plants on the Mediterranean. The other half of the water pumped from the Red Sea (or possibly the leftover brine from desalination) will be channeled to the Dead Sea.

**Natural Gas:** In December 2013, the *Wall Street Journal* reported that Israel and Jordan were negotiating the terms of the sale of Israeli natural gas to Jordan.<sup>18</sup> The kingdom depends on oil and gas imports and, since 2011, cut-offs in the supply of Egyptian natural gas due to unrest in the Sinai have cost the Jordanian government several billion dollars by compelling it to import more expensive alternatives. In Egypt under Mubarak, energy cooperation with Israel had been a source of controversy and a symbol of corruption, and the government of Jordan could face domestic criticism if the deal moves forward.

## **Jordan and Iraq**

Jordan's relationship with the Iraqi government, and in particular with Iraqi Prime Minister Nouri al Maliki, is complex and characterized by some sectarian competition coupled with limited counter-terrorism cooperation. Jordan's relations with Iraq during the Saddam Hussein era were strong, and since 2003, Jordanians have repeatedly criticized what they call the political marginalization of Iraq's Sunni Arab population. Almost a decade ago, King Abdullah II warned that if pro-Iran political groups came to dominate the Iraqi government, a "crescent" of Shiite movements would stretch across a broad swath of the Middle East, stretching from Iran to Lebanon.<sup>19</sup> On the other hand, the two countries cooperate economically. They are negotiating the construction of pipelines to carry oil and natural gas from Iraq to Jordan, a development that

---

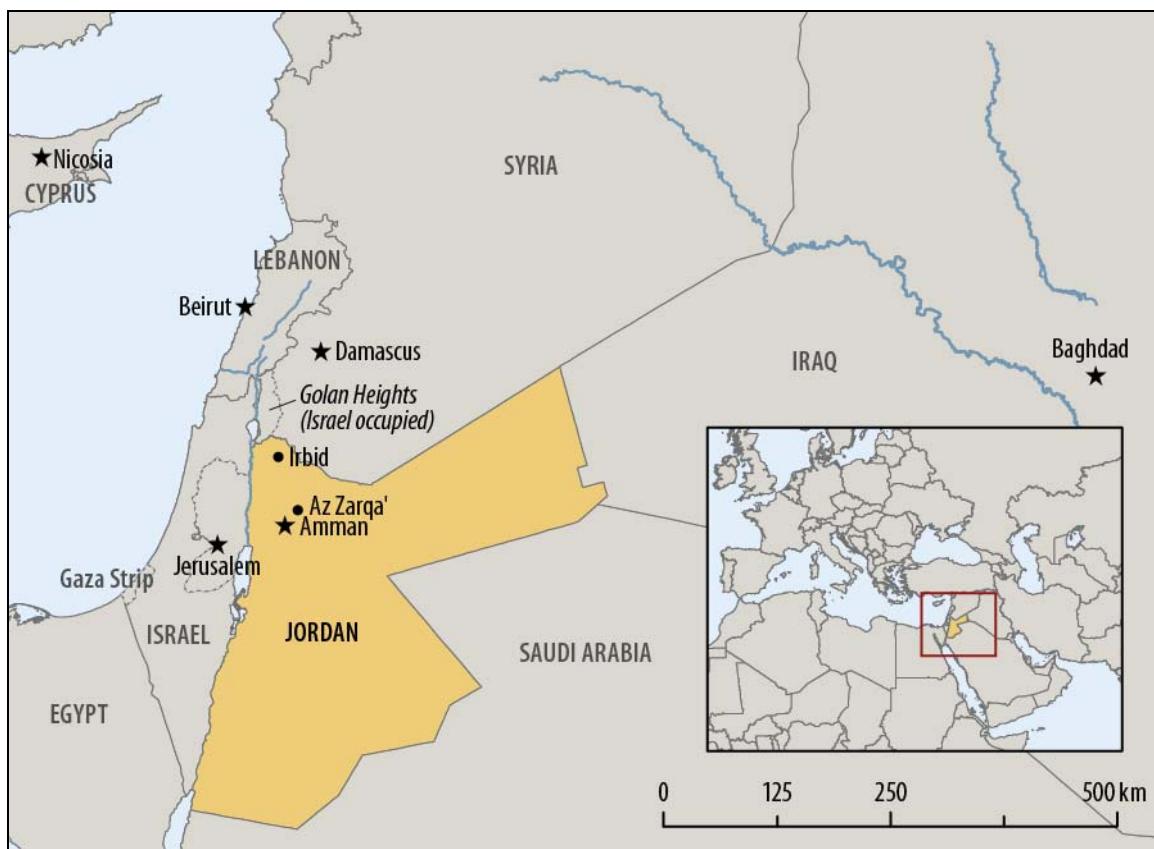
<sup>18</sup> "Energy Firms Near Deal to Sell Israeli Gas into Jordan Deal Would Move Israel Closer To Becoming an Energy Exporter," *Wall Street Journal*, December 13, 2013.

<sup>19</sup> "Iraq, Jordan See Threat to Election from Iran," *Washington Post*, December 8, 2004.

would allow Jordan to keep 150,000 barrels per day (bpd) of oil for domestic use out of a planned total of one million bpd to be pumped to the port of Aqaba.<sup>20</sup>

Jordan's role in the conflict in Iraq is multidimensional. For years, Jordanian intelligence has permitted Iraqi anti-government groups to operate inside the kingdom, where tribal ties bind some Sunni Jordanians and Iraqis.<sup>21</sup> Yet, neither government wishes to see terrorist groups, such as The Islamic State of Iraq and the Levant (ISIL, sometimes called ISIS), grow in power. As a result, Jordan has agreed to host U.S. Special Operations forces' training for Iraqi soldiers inside the kingdom. According to one report, the training includes less than 100 elite soldiers from the United States, Iraq, and Jordan.<sup>22</sup>

**Figure 3. Jordan and Its Neighbors**



**Source:** CRS Graphics.

## Country Background

Although the United States and Jordan have never been linked by a formal treaty, they have cooperated on a number of regional and international issues for decades. The country's small size

<sup>20</sup> "Iraq/Jordan politics: Jordan and Iraq on Track for Closer Ties," *Economist Intelligence Unit*, December 31, 2013.

<sup>21</sup> "Iraq's Sunni tribal Leaders say Fight for Fallujah is Part of a Revolution," *Washington Post*, March 12, 2014.

<sup>22</sup> "U.S. Special Forces sent to Train Iraqi Special Forces in Jordan," *Reuters*, March 7, 2014.

and lack of major economic resources have made it dependent on aid from Western and friendly Arab sources. U.S. support, in particular, has helped Jordan deal with serious vulnerabilities, both internal and external. Jordan's geographic position, wedged between Israel, Syria, Iraq, and Saudi Arabia, has made it vulnerable to the strategic designs of its powerful neighbors, but has also given Jordan an important role as a buffer between these potential adversaries. In 1990, Jordan's unwillingness to join the allied coalition against Iraq disrupted its relations with the United States and the Gulf states; however, relations improved throughout the 1990s as Jordan played an increasing role in the Arab-Israeli peace process and distanced itself from the Iraqi regime of Saddam Hussein.

## Domestic Politics and the Economy

Jordan, created by colonial powers after World War I, initially consisted of desert or semi-desert territory east of the Jordan River, inhabited largely by people of Bedouin tribal background. The establishment of the state of Israel brought large numbers of Palestinian refugees to Jordan, which subsequently unilaterally annexed a small Palestinian enclave west of the Jordan River known as the West Bank.<sup>23</sup> The original "East Bank" Jordanians, though probably no longer a majority in Jordan, remain predominant in the country's political and military establishments and form the bedrock of support for the Jordanian monarchy. Jordanians of Palestinian origin comprise an estimated 55% to 70% of the population and generally tend to gravitate toward the private sector due to their exclusion from certain public sector and military positions.<sup>24</sup>

### The Hashemite Royal Family

Jordan is a hereditary constitutional monarchy under the prestigious Hashemite family, which claims descent from the Prophet Muhammad. King Abdullah II (age 51) has ruled the country since 1999, when he succeeded to the throne upon the death of his father, the late King Hussein, after a 47-year reign. Educated largely in Britain and the United States, King Abdullah II had earlier pursued a military career, ultimately serving as commander of Jordan's Special Operations

| <b>Jordan in Brief</b>                  |  |
|---|--|
| <b>Population:</b>                      | 6,482,081 (July 2013 est.)   |
| <b>Area:</b>                            | 89,213 sq. km. (34,445 sq. mi., slightly smaller than Indiana)       |
| <b>Ethnic Groups:</b>                   | Arabs 98%; Circassians 1%; Armenians 1%                              |
| <b>Religion:</b>                        | Sunni Muslim 92%; Christian 6%; small Muslim sects 2%                |
| <b>Literacy:</b>                        | 92.6% (male 95%, female 89.2%)                                       |
| <b>GDP:</b>                             | Per Capita \$6,000 (2012 est.), country comparison to the world: 144 |
| <b>Foreign Exchange Reserves:</b>       | \$10.7 billion (est. 2012)   |
| <b>Youth Unemployment (ages 15-24):</b> | 27%, country comparison to the world: 21                             |
| <b>External Debt:</b>                   | \$8.34 billion (December 2012 est.)                                  |
| <b>Sources:</b>                         | CIA World Factbook   |

<sup>23</sup> Though there was very little international recognition of Jordan's annexation of the West Bank, Jordan maintained control of it (including East Jerusalem) until Israel took military control of it during the June 1967 Arab-Israeli War, and maintained its claim to it until relinquishing the claim to the Palestine Liberation Organization in 1988.

<sup>24</sup> Speculation over the ratio of East Bankers to Palestinians (those who arrived as refugees and immigrants since 1948) in Jordanian society tends to be a sensitive domestic issue. Jordan last conducted a national census in 2004 (the next census may take place in 2014), and it is unclear whether or not the government maintains such statistics. Over time, intermarriage has made it more difficult to discern distinct differences between the two communities, though divisions do persist.

Forces with the rank of Major General. The king's son Prince Hussein (b. 1994) is the designated crown prince.<sup>25</sup>

The king appoints a prime minister to head the government and the Council of Ministers (cabinet).<sup>26</sup> On average, Jordanian governments last no more than 15 months before they are dissolved by royal decree. This seems to be done in order to bolster the king's reform credentials and to distribute patronage among a wide range of elites. The king also appoints all judges and is commander of the armed forces.

## Constitution, Parliament, Political Parties, and Judiciary

The Jordanian constitution (promulgated in 1952 and last amended in 2011) empowers the king with broad executive powers. According to Article 35, "The King appoints the Prime Minister and may dismiss him or accept his resignation. He appoints the Ministers; he also dismisses them or accepts their resignation, upon the recommendation of the Prime Minister." The constitution also enables the king to dissolve both houses of parliament and postpone lower house elections for two years.<sup>27</sup> The king also can circumvent parliament through a constitutional mechanism that allows provisional legislation to be issued by the cabinet when parliament is not sitting or has been dissolved.<sup>28</sup> The king also can issue royal decrees, which are not subject to parliamentary scrutiny. The king commands the armed forces, declares war, and ratifies treaties. Finally, Article 195 of the Jordanian Penal Code prohibits insulting the dignity of the king (*lèse-majesté*) with criminal penalties of one to three years in prison.

Political parties in Jordan are extremely weak, as the Muslim Brotherhood-affiliated Islamic Action Front (IAF) is the only well-organized movement. Most parties represent narrow parochial interests and are composed of prominent individuals representing a particular family or tribe.

---

<sup>25</sup> In July 2009, King Abdullah II named his then 15-year-old son, Prince Hussein Bin Abdullah, as crown prince. The position had been vacant since 2004, when King Abdullah II removed the title from his half-brother, Prince Hamzah.

<sup>26</sup> In March 2013, King Abdullah II consulted with members of the 17<sup>th</sup> parliament before choosing a prime minister. Although the King retains the constitutional authority to appoint and dismiss the prime minister, he has pledged to reach a consensus with lawmakers before choosing a premier. The Muslim Brotherhood, which boycotted the election leading to the formation of the current parliament, seeks a parliamentary system of government in which the prime minister would be chosen by the largest block in parliament.

<sup>27</sup> The king also may declare martial law. According to Article 125, "In the event of an emergency of such a serious nature that action under the preceding Article of the present Constitution will be considered insufficient for the defense of the Kingdom, the King may by a Royal Decree, based on a decision of the Council of Ministers, declare martial law in the whole or any part of the Kingdom."

<sup>28</sup> New amendments to Article 94 in 2011 have put some restrictions on when the executive is allowed to issue temporary laws.

Jordan's constitution provides for an independent judiciary. According to Article 97, "Judges are independent, and in the exercise of their judicial functions they are subject to no authority other than that of the law." Jordan has three main types of courts: Civil courts, special courts (some of which are military/state security courts), and religious courts. In Jordan, state security courts administered by military (and civilian) judges handle criminal cases involving espionage, bribery of public officials, trafficking in narcotics or weapons, black marketeering, and "security offenses." Overall, the king may appoint and dismiss judges by decree, though in practice a palace-appointed Higher Judicial Council manages court appointments, promotions, transfers, and retirements.

### January 2013 Parliamentary Elections

Parliamentary elections on January 23, 2013, produced another overwhelmingly pro-palace parliament. The Muslim Brotherhood's Islamic Action Front party (IAF) boycotted the vote in protest of the lack of seats allocated for the party list vote system (27 out of 150 total seats). The IAF sought to delegitimize the election through its boycott and tarnish the palace's image in the eyes of Western governments. Turnout figures for the election are somewhat disputed. The government claims that 56.6% of registered voters participated, while others assert that the turnout calculation should be based on the total number of eligible voters (both registered and unregistered), which, if taken into account, would have equated to an estimated 40% turnout. King Abdullah II has already called for parliament to amend the election law, which is widely considered to favor rural, traditionally pro-monarchy Bedouin constituencies. For example, Amman is allotted 25 seats for 2.4 million residents, while rural Tafileh has four seats for 88,000 residents. In its preliminary assessment of the election, the National Democratic Institute concluded that "systemic distortions remain. The unequal size of districts and an electoral system that amplifies family, tribal and national cleavages limit the development of a truly national legislative body and challenge King Abdullah's stated aim of encouraging full parliamentary government." Nevertheless, Secretary of State John Kerry praised the electoral process, saying that "The turnout is higher than any time previously, which shows a full and robust participation by the Jordanian people in the election process."

## The Economy

With few natural resources<sup>29</sup> and a small industrial base, Jordan has an economy which is heavily dependent on external aid from abroad, tourism, expatriate worker remittances,<sup>30</sup> and the service sector. Among the long-standing problems Jordan faces are poverty (15%-30%), corruption, slow economic growth, and high levels of unemployment, nominally around 13% but thought by many analysts to be in the 25%-30% range.<sup>31</sup> Youth unemployment is nearly 30%. Corruption<sup>32</sup> is particularly pronounced in Jordan. Use of intermediaries, referred to in Arabic as "*Wasta*"

<sup>29</sup> Jordan possesses substantial reserves of phosphates and potash. No significant oil and gas fields have been discovered. However, Jordan has one of world's largest reserves of oil shale. Officials estimate that the country contains the world's fourth-largest oil shale reserves. In 2006, Royal Dutch/Shell signed an oil shale exploration agreement with the Jordanian government. Estonia's Enefit Eesti Energia AS also has signed agreements on oil shale projects. In 2012, the Canadian company, Global Oil Shale Holdings (GOSH), reached an agreement with the Jordanian government to produce oil shale as well. For further background, see, "Amman Unlocks Energy Potential," *Middle East Economic Digest*, August 7, 2009.

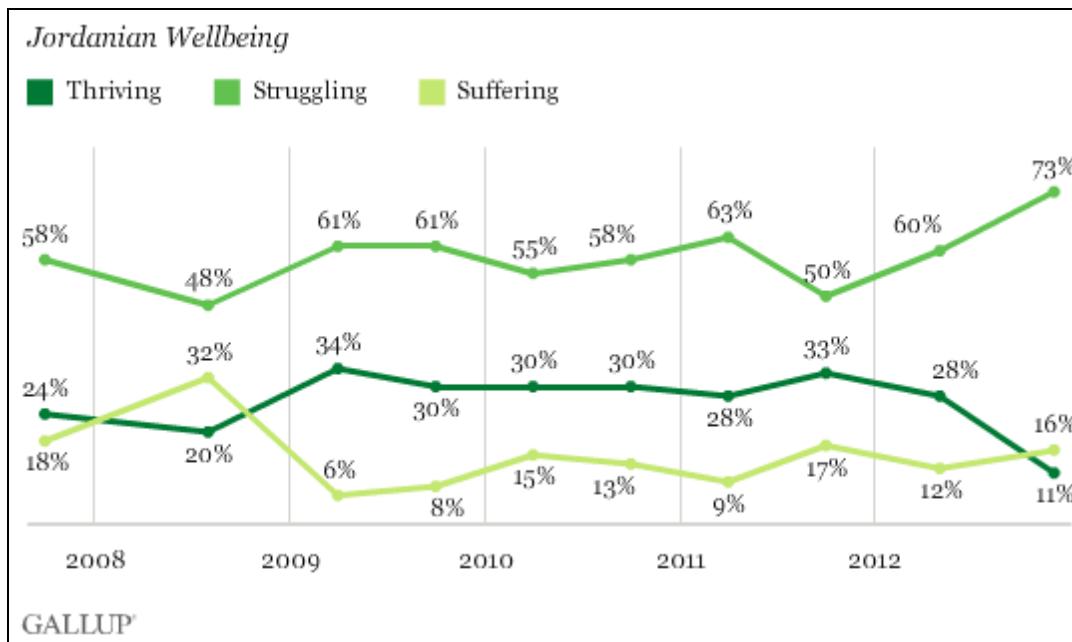
<sup>30</sup> It is estimated that up to 20% of GDP comes from remittances. Nearly 10% of Jordan's population (600,000 est.) reside and work in Arab Gulf countries.

<sup>31</sup> One factor that exacerbates the unemployment situation in Jordan is the social stigma attached to menial labor jobs. Referred to as the "culture of shame," Jordanian tribal traditions look down on certain types of employment such as construction. In fact, the government estimates that there are approximately 300,000 to 400,000 foreign laborers in Jordan working as domestic laborers, bricklayers, and other tasks. According to the Jordanian Employment Ministry, Egyptians make up 68% of foreign workers in Jordan.

<sup>32</sup> Jordan was ranked 49 out of 180 countries surveyed in Transparency International's 2009 Corruption Perceptions Index.

(connections), is widespread, and many young Jordanians have grown frustrated by the lack of social and economic mobility that corruption engenders.<sup>33</sup> Each year, thousands of Jordanians go abroad in search of better jobs and opportunities. Like many poor countries, Jordan suffers from a “brain drain” of its most talented workers, and the government has struggled to develop incentives to keep its well-educated, highly skilled workers close to home. The government is by far the largest employer, with between one-third and two-thirds of all workers on the state’s payroll.

**Figure 4. Gallup: Poll on Jordanian Wellbeing**



**Source:** Gallup, “Fewer Jordanians Than Ever Are “Thriving,”” July 12, 2013.

### *The Government’s Chronic Fiscal Deficit*

Due to sluggish domestic growth (In October 2013, the IMF forecasted GDP growth of 3.3% in 2013, rising to 3.5% in 2014), high energy/food subsidies and a bloated public sector workforce, Jordan usually runs annual budget deficits (total public debt is \$25 billion) which it partially offsets by appealing to the international community for direct budget support. For 2014, the government is projecting expenditures of \$11.4 billion against domestic revenues of \$5.86 billion. The government anticipates that foreign grants will help off-set this shortfall, and according to the *Economist Intelligence Unit*, Jordan’s total budget deficit in 2014 will be just over 4% of GDP.<sup>34</sup> Credit agencies downgraded Jordan’s rating in 2013, projecting that the total debt-to-GDP ratio will hit 84% in 2013 and reach close to 90% of GDP in 2014.<sup>35</sup> Five years ago total debt to GDP was 60%.

<sup>33</sup> In 2006, the Jordanian parliament passed a law establishing an Anti-Corruption Commission (ACC) which has taken on several high level investigations in recent years, specifically looking into accusations of graft in a public housing project (Decent Home for Decent Living) and a water works project (Disi Water Conveyance).

<sup>34</sup> “2014 budget is Criticised by local Economists,” *Economist Intelligence Unit*, November 20, 2013.

<sup>35</sup> “Moody’s Downgrades Jordan Credit Rating two Notches to B1,” Reuters, June 26, 2013.

In order to keep Jordan fiscally stable, the International Monetary Fund agreed to a three-year, \$2 billion loan in August 2012. As part of the IMF deal, Jordan is expected to cut spending and may increase consumer electricity prices. It already has increased taxes on mobile phones and contracts. However, when the government cut subsidies which raised the prices of cooking gas, diesel, kerosene, and gasoline in 2012, large scale protests broke out across the country, and the king subsequently reversed some cuts though others have remained in place. In Jordan, protests over economic issues could be the likeliest trigger of changes to government policy, as well as perhaps to its political system.

According to one member of Jordan's parliament, "Unlike political protests and parties that lack unity or a voice that represents Jordanians, the labor strikes have focused on demands that improve their livelihoods.... They come with a list of specific demands and they have largely succeeded."<sup>36</sup> Jordanian lawmakers also at times challenge the King's decision-making on subsidies. According to the *Economist Intelligence Unit*, "On most political issues the legislature can generally be counted on to support the regime, but MPs regularly challenge the government on economic policy, and in particular on any attempts at structural reform and economic liberalization."<sup>37</sup>

## **U.S. Foreign Assistance to Jordan**

The United States has provided economic and military aid, respectively, to Jordan since 1951 and 1957. Total U.S. aid to Jordan through FY2013 amounted to approximately \$13.83 billion.

### **The Five-Year Aid Deal**

On September 22, 2008, the U.S. and Jordanian governments reached an agreement whereby the United States will provide a total of \$660 million in annual foreign assistance to Jordan over a five-year period (FY2010-FY2014). Under the terms of their non-binding Memorandum of Understanding (MOU), this first-of-its-kind deal commits the United States, subject to future congressional appropriation and availability of funds, to providing \$360 million per year in Economic Support Funds (ESF) and \$300 million per year in Foreign Military Financing (FMF).<sup>38</sup> According to the Jordanian government, the agreement "reaffirms the strategic partnership and cooperation between the two countries." Coming at a time when the overall budget for foreign aid was constrained by U.S. operations in Iraq and Afghanistan, the deal was a testament to strong U.S.-Jordanian relations. In 2014, the United States and Jordan may negotiate the terms of a new five-year aid deal.

### **Economic Assistance**

The United States provides economic aid to Jordan as both a cash transfer and for USAID programs in Jordan. The Jordanian government uses cash transfers to service its foreign debt. Approximately 53% of Jordan's ESF allotment goes toward the cash transfer. USAID programs in

---

<sup>36</sup> "In Jordan, Protests Focus on Prices and Economy," *New York Times*, May 30, 2012.

<sup>37</sup> "Parliament puts Pressure on Government over Fuel Prices," *Economist Intelligence Unit*, March 7th 2013.

<sup>38</sup> Under the terms of the MOU, annual foreign aid (non-supplemental) to Jordan will rise by nearly 50%, from an estimated \$460 million per year to \$660 million.

Jordan focus on a variety of sectors including democracy assistance, water preservation, and education (particularly building and renovating public schools). In the democracy sector, U.S. assistance has supported capacity building programs for the parliament's support offices, the Jordanian Judicial Council, Judicial Institute, and the Ministry of Justice. The International Republican Institute and the National Democratic Institute also have received U.S. grants to train, among other groups, some Jordanian political parties and members of parliament. In the water sector, the bulk of U.S. economic assistance is devoted to optimizing the management of scarce water resources, as Jordan is one of the most water-deprived countries in the world. USAID is currently subsidizing several waste treatment and water distribution projects in the Jordanian cities of Amman, Mafraq, Aqaba, and Irbid.

## **Food Aid**

Jordan periodically receives U.S. food aid administered by the Department of Agriculture (USDA) under Title I of the Food for Peace Act (P.L. 480), under the Section 416(b) program permanently authorized by the Agricultural Act of 1949, and under the Food for Progress Act of 1985 as a grant. Between FY1999 to FY2006, Jordan received approximately \$238.52 million in food aid to purchase wheat. Jordan received no food assistance between FY2007 to FY2010. In FY2011, the United States provided Jordan with \$19 million aid to purchase 50,000 metric tons of wheat. In September 2012, the United States agreed to provide Jordan with 50,000 metric tons of wheat valued at \$17 million.

## **Millennium Challenge Account (MCA)**

In FY2006, Jordan was listed by the Millennium Challenge Corporation (MCC) as a Threshold country in the lower middle-income bracket. On September 12, 2006, the MCC's board of directors approved up to \$25 million in Threshold Program assistance for Jordan. Even prior to the selection, the possible choice of Jordan had come under severe criticism. *Freedom House*, the organization whose annual Index of Freedom is drawn upon for two of the "Ruling Justly" indicators, urged the MCC board to bypass countries that had low scores on political rights and civil liberties. It argued that countries like Jordan that fall below 4 out of a possible 7 on its index should be automatically disqualified. Jordan, however, did well on 3 of the 6 other indicators in this category. Several development analysts further argued that Jordan should not be eligible, asserting that it is already one of the largest recipients of U.S. aid, has access to private sector capital, and is not a democracy. In selecting Jordan, the MCC board appears not to have been swayed by these arguments.

In September 2010, the Millennium Challenge Corporation approved a five-year, \$275.1 million compact with Jordan to increase the supply of water available to households and businesses in the cities of Amman and Zarqa. The compact also will help improve the efficiency of water delivery, wastewater collection, and wastewater treatment. If estimates hold true, the clean drinking water generated as a result of the MCC compact may be enough to supply almost 1 million Jordanian citizens with freshwater.

## **Military Assistance**

U.S.-Jordanian military cooperation is a key component in bilateral relations. In 1996, the United States granted Jordan Major non-NATO Ally (MNNA) status, a designation that, among other things, makes Jordan eligible to receive excess U.S. defense articles, training, and loans of

equipment for cooperative research and development. Since 2009, Jordan has received excess U.S. defense equipment valued at approximately \$81.69 million.<sup>39</sup>

U.S. military assistance is primarily directed toward enabling the Jordanian military to procure and maintain conventional weapons systems. Foreign Military Financing (FMF) grants to Jordan enable its Air Force to maintain a modest fleet of F-16 fighters and purchase Advanced Medium Range Air-to-Air Missiles (AMRAAM). FMF grants also provide financing for Jordan's purchase of U.S. Blackhawk helicopters in order to enhance Jordan's border monitoring and counter-terror capability. Jordan is currently the single largest provider of civilian police personnel and fifth-largest provider of military personnel to U.N. peacekeeping operations worldwide. In addition to large-scale military aid grants for conventional weapons purchases, Jordan also receives grants of U.S. antiterrorism assistance from the Nonproliferation, Anti-Terrorism, Demining, and Related Programs account (NADR) and from International Narcotics Control and Law Enforcement (INCLCE) account.

**Table I. U.S. Foreign Assistance to Jordan, FY2011-FY2015 Request**

\$s in millions

| Account      | FY2011       | FY2012       | FY2013 (after sequestration) | FY2014 Estimate | FY2015 Request |
|--------------|--------------|--------------|------------------------------|-----------------|----------------|
| ESF          | 362.0        | 460.0        | 564.404                      | 700.0           | 360.0          |
| FMF          | 299.4        | 300.0        | 284.829                      | 300.0           | 300.0          |
| IMET         | 3.7          | 3.7          | 3.608                        | 3.8             | 3.8            |
| <b>Total</b> | <b>665.1</b> | <b>763.7</b> | <b>852.841</b>               | <b>1,003.8</b>  | <b>663.8</b>   |

**Notes:** In FY2012, Jordan received a \$100 million allotment of budget aid (notified to Congress on July 6) from ESF designated as Overseas Contingency Operations (OCO). In FY2013, USAID notified Congress of a \$200 million cash transfer to Jordan (\$100 million in FY 2012 Economic Support Funds (ESF) and \$100 million in FY 2013 ESF-OCO).

## Recent U.S. Assistance to Jordan

- **Syrian Refugees inside Jordan:** U.S. officials have noted that of the \$1.7 billion in total U.S. multilateral funding for the Syrian humanitarian crisis, the United States has provided more than **\$268 million** toward the humanitarian needs of Syrian refugees in Jordan.<sup>40</sup>
- **Loan Guarantee:** In February 2014, during a visit to the United States by King Abdullah II, the Obama Administration announced that it would offer Jordan an additional **five-year, \$1 billion loan guarantee**. The Administration has notified Congress that \$72 million out of the \$340 million of OCO-ESF for Jordan in the FY2014 Consolidated Appropriations Act will be used to support the subsidy costs for the new loan guarantee.
- **Appropriations:** On January 17, 2014, the President signed into law P.L. 113-76, the Consolidated Appropriations Act, 2014 which Congress passed days earlier.

<sup>39</sup> Defense Security Cooperation Agency, Country Information Paper, Jordan.

<sup>40</sup> Statement of William J. Burns Deputy Secretary U.S. Department of State, Committee on Senate Foreign Relations, March 6, 2014.

The law provides Jordan \$360 million in economic aid and \$300 million in military aid. It also stipulates that “from amounts made available under title VIII designated for Overseas Contingency Operations/Global War on Terrorism, **not less than \$340 million above the levels included in the Memorandum of Understanding** between the United States and Jordan shall be made available for the extraordinary costs related to instability in the region, including for security requirements along the border with Iraq.” The law also continues to authorize foreign aid to be used for loan guarantees to Jordan and the establishment of an enterprise fund. Congress also appropriated additional Migration and Refugee Assistance funding (MRA) to help countries like Jordan cope with the Syrian refugee crisis.

- **Excess Defense Articles:** According to the Defense Department, in December 2013 the United States delivered 35 Mine-Resistant Ambush Protected vehicles (MRAPS) to Jordan as requested by the Jordanian military earlier in 2013.
- **Loan Guarantee:** In September 2013, the United States announced that it was providing its first-ever loan guarantee<sup>41</sup> to the Kingdom of Jordan. USAID notified Congress of its intent to obligate up to \$120 million in FY2013 ESF-OCO to support a **\$1.25 billion, 7-year sovereign loan guarantee for Jordan**. According to the State Department, “this guarantee reinforces the firm U.S. commitment to the people of Jordan by strengthening the Government of Jordan’s ability to maintain access to international financing, while enabling it to achieve its economic development and reform goals.
- **Cash Transfer:** During his visit to Jordan in March 2013, President Obama pledged to work with Congress to deliver an additional **\$200 million** in direct budget support to Jordan to help it cope with the influx of Syrian refugees. In April 2013, USAID notified Congress of a \$200 million cash transfer in keeping with Obama’s pledge (\$100 million in FY 2012 Economic Support Funds (ESF) and \$100 million in FY 2013 ESF-OCO).

## U.S.-Jordanian Trade

Jordan ranked 73<sup>th</sup> among U.S. trading partners in volume of trade with the United States in 2012. According to the United States Trade Commission, in 2012 Jordan exported over a billion dollars in goods and services to the United States, a large percentage of which consisted of apparel and clothing accessories. In 2012, Jordanian imports from the United States reached \$1.6 billion. Principal U.S. commodities imported by Jordan consisted of aircraft parts, machinery and appliances, vehicles, and cereals. Two measures, in particular—the Free Trade Agreement and Qualifying Industrial Zones—have helped expand U.S.-Jordanian trade ties and could create more opportunities for U.S. investment in Jordan.

---

<sup>41</sup> Congress initially authorized additional economic assistance to Jordan in Section 7041 of P.L. 112-74, the Consolidated Appropriations Act, 2012. P.L. 113-6, the Consolidated and Further Continuing Appropriations Act, 2013 specified that such assistance should take the form of a loan guarantee. Section 1706 (j) of the same Act also appropriated \$30 million (from FY2011) for the initial cost of sovereign loan guarantees. The Department of State and USAID intend to transfer and merge \$120 million appropriated in FY 2013 Foreign Military Financing (FMF) OCO funding, into ESF OCO for additional subsidy costs related to the bond issuance.

## **Free Trade Agreement**

On October 24, 2000, then-President Clinton and King Abdullah II witnessed the signing of a U.S.-Jordanian Free Trade Agreement, which eliminated duties and commercial barriers to bilateral trade in goods and services originating in the two countries. Earlier, in a report released on September 26, 2000, the U.S. International Trade Commission concluded that a U.S.-Jordan Free Trade Agreement would have no measurable impact on total U.S. imports or exports, U.S. production, or U.S. employment. Under the agreement, the two countries agreed to enforce existing laws concerning worker rights and environmental protection. On January 6, 2001, then-President Clinton transmitted to the 107<sup>th</sup> Congress a proposal to implement the Free Trade Agreement. On July 23, then-U.S. Trade Representative Zoellick and then-Jordanian Ambassador Marwan Muasher exchanged letters pledging that the two sides would “make every effort” to resolve disputes without recourse to sanctions and other formal procedures. These letters were designed to allay concerns on the part of some Members over the possible use of sanctions to enforce labor and environmental provisions of the treaty. President Bush signed H.R. 2603, which implemented the FTA as P.L. 107-43 on September 28, 2001, during King Abdullah’s visit to Washington, DC, following the September 11, 2001, attacks. For additional information, see CRS Report RL30652, *U.S.-Jordan Free Trade Agreement*, by Mary Jane Bolle.

## **Qualifying Industrial Zones**

One outgrowth of the Jordanian-Israeli peace treaty was the establishment of “Qualifying Industrial Zones” (QIZs), under which goods produced with specified levels of Jordanian and Israeli input can enter the United States duty free, under the provisions of P.L. 104-234. This act amended previous legislation so as to grant the President authority to extend the U.S.-Israel free trade area to cover products from QIZs between Israel and Jordan or between Israel and Egypt. QIZs were designed both to help the Jordanian economy and to serve as a vehicle for expanding commercial ties between Jordan and Israel. Although QIZs have succeeded in boosting U.S.-Jordanian trade, there has been only a modest increase in Jordanian-Israeli trade.

Currently there are 13 QIZs in Jordan employing approximately 43,000 people (working eight-hour days, six days a week), 74% of whom are foreign workers from South and Southeast Asian nations including Pakistan, India, Bangladesh, and Sri Lanka. Employers apparently view foreign laborers as more skilled and productive than native Jordanians. In addition, it is difficult for employers to recruit native Jordanians since workers typically live on site, and many are hesitant to separate from their families, though in some areas native Jordanians are provided with free transportation to the QIZs. According to one Jordanian labor leader, foreign workers are attractive to employers because “they are like slaves. They work them day and night.”<sup>42</sup> Labor rights activists also have complained that Jordanian workers in the QIZs are excluded from a new minimum wage law.

## **Military Cooperation**

The United States is helping Jordan modernize its armed forces. The Jordanian military, though well trained and disciplined, has less personnel and weaponry than the militaries in each of Jordan’s neighboring countries. In recent years, Jordan has used U.S. military assistance grants to

---

<sup>42</sup> “Industrial Zones Create Little Work for Jordanians,” *Financial Times*, February 9, 2009.

purchase Advanced Medium Range Air-to-Air Missiles, upgrades for its fleet of F-16 fighters (approximately 70-80), and Black Hawk helicopters. The United States also delivered three Patriot anti-missile batteries to Jordan in early 2003 prior to the start of U.S. military operations in Iraq.

**Table 2. Possible Foreign Military Sales to Jordan Notified to Congress**

| Fiscal Year | Weapon System                     | \$ Value of Sale | Prime Contractor                  |
|-------------|-----------------------------------|------------------|-----------------------------------|
| FY2006      | National Command & Control System | \$450 million    | Northrop Grumman Corporation      |
| FY2006      | Black Hawk Helicopters            | \$60 million     | Sikorsky Co. and General Electric |
| FY2006      | Armored Personnel Carriers        | \$156 million    | BAE Company                       |
| FY2008      | Border Security System            | \$390 million    | DRS Technologies Corp             |
| FY2009      | AMRAAM Missiles                   | \$131 million    | Raytheon                          |
| FY2009      | Artillery Rocket Systems          | \$220 million    | Multiple Companies                |
| FY2010      | Repair of F-16 Engines            | \$75 million     | Pratt & Whitney                   |
| FY2010      | JAVELIN Anti-Tank Guided Missiles | \$388 million    | Javelin Joint Venture             |

**Source:** Defense Security Cooperation Agency (DSCA).

## Joint Exercises and Training

A U.S.-Jordanian Joint Military Commission has functioned since 1974. Nearly 300 Jordanian military personnel study in the United States each year. In recent years, Jordan has been among the top three recipients of U.S. International Military Education and Training (IMET) funding. In FY2013, approximately 257 Jordanian officers participated in this program.<sup>43</sup> IMET also funds the equipping of English language labs in Jordan. Combined training exercises by U.S. and Jordanian military units continue to take place in Jordan (dubbed “Early Victor”), at least on an annual basis and sometimes more often. In June 2013, U.S. troops participated in a multinational training exercise in Jordan known as “Eager Lion.” In addition, the United States has supported the construction of the King Abdullah II Center for Special Operations Training (KASOTC). The center has been partially financed by the United States, including with \$99 million in appropriations from the FY2005 Emergency Supplemental Act (P.L. 109-13). It serves as a regional headquarters for counter-terrorism training.<sup>44</sup> In 2003, Jordan built a Special Operations Command and the Anti-Terrorism Center in order to boost counter-terrorism capabilities within the military.

<sup>43</sup> Defense Security Cooperation Agency (DSCA), Country Information Paper, Jordan.

<sup>44</sup> According to one description of the new U.S.-Jordanian facility, “If special forces have to conduct house-to-house searches, KASOTC provides that infrastructure in a training environment.... If they have to rescue hostages on an airplane, KASOTC provides the plane. If they have to rescue hostages from an embassy, KASOTC provides an embassy structure.” See, Joan Kibler, “KASOTC,” *Special Operations Technology Online Edition*, volume 6, issue 2, March 19, 2008.

**Table 3. Annual U.S. Aid to Jordan Since the 1991 Gulf Crisis**  
(\$ in millions)

| <b>Fiscal Year (FY)</b> | <b>Economic Assistance</b> |             |              |                | <b>Military Assistance</b>         |             |                     | <b>Totals</b> |
|-------------------------|----------------------------|-------------|--------------|----------------|------------------------------------|-------------|---------------------|---------------|
|                         | <b>EconSpt</b>             | <b>Food</b> | <b>Devel</b> | <b>PeaceCp</b> | <b>FMF</b>                         | <b>IMET</b> |                     |               |
| 1991                    | 35.0 <sup>a</sup>          | 0           | 0            | 0              | 20.0 <sup>a</sup>                  | 1.3         | 56.30               |               |
| 1992                    | 30.0 <sup>b</sup>          | 20.0        | 0            | 0              | 20.0 <sup>b</sup>                  | .6          | 70.60               |               |
| 1993 <sup>c</sup>       | 5.0                        | 30.0        | 0            | 0              | 9.0                                | .5          | 44.50               |               |
| 1994 <sup>d</sup>       | 9.0                        | 15.0        | 4.0          | 0              | 9.0                                | .8          | 37.80               |               |
| 1995                    | 7.2                        | 15.0        | 6.7          | 0              | 7.3                                | 1.0         | 37.20               |               |
| 1996                    | 7.2                        | 21.0        | 7.9          | 0              | 200.0 <sup>e</sup>                 | 1.2         | 237.30              |               |
| 1997 <sup>f</sup>       | 112.2                      | 2.6         | 4.5          | 1.1            | 30.0                               | 1.7         | 152.10              |               |
| 1998 <sup>f</sup>       | 150.0                      | 0           | 0            | 1.2            | 75.0 <sup>g</sup>                  | 1.6         | 227.80              |               |
| 1999                    | 150.0                      | 0           | 0            | 1.4            | 70.0 <sup>g</sup>                  | 1.6         | 223.00              |               |
| 1999 (Wye)              | 50.0                       | 0           | 0            | 0              | 50.0                               | 0           | 100.00              |               |
| 2000                    | 150.0                      | 0           | 0            | 1.7            | 75.0                               | 1.6         | 228.30              |               |
| 2000 (Wye)              | 50.0                       | 0           | 0            | 0              | 150.0                              | 0           | 200.00 <sup>h</sup> |               |
| 2001                    | 150.0                      | 0           | 0            | 1.7            | 75.0                               | 1.7         | 228.40              |               |
| 2002                    | 150.0                      | 0           | 0            | 1.6            | 75.0                               | 2.0         | 228.60              |               |
| 2002 (Suppl.)           | 100.0                      | 0           | 0            | 0              | 25.0                               | 0           | 125.00              |               |
| 2003                    | 250.0                      | 0           | 0            | 1.0            | 198.0                              | 2.4         | 451.40              |               |
| 2003 (Suppl.)           | 700.0                      | 0           | 0            | 0              | 406.0                              | 0           | 1,106.00            |               |
| 2004                    | 250.0                      | 0           | 0            | 2.3            | 206.0                              | 2.9         | 461.20              |               |
| 2004 (Suppl.)           | 100.0                      | 0           | 0            | 0              | 0                                  | 0           | 100.00              |               |
| 2005                    | 250.0                      | 0           | 0            | 1.6            | 206.0                              | 3.0         | 460.60              |               |
| 2005 (Suppl.)           | 100.0                      | 0           | 0            | 0              | 100.0                              | 0           | 200.00              |               |
| 2006                    | 247.5                      | 0           | 0            | 1.6            | 207.9                              | 3.0         | 460.00              |               |
| 2006 (Suppl.)           | 50.0                       | 0           | 0            | 0              | 0                                  | 0           | 50.00               |               |
| 2007                    | 245.0                      | 0           | 0            | 0              | 206.0                              | 3.1         | 454.10              |               |
| 2007 (Suppl.)           | 10.3                       | 0           | 0            | 0              | 45.0                               | 0           | 55.30 <sup>i</sup>  |               |
| 2008                    | 361.4                      | 0           | 0            | 0              | 298.3                              | 2.9         | 662.60              |               |
| 2008 (Suppl.)           | 200.0                      | 0           | 0            | 0              | 50.0                               | 0           | 250.00              |               |
| 2009                    | 263.5                      | 0           | 0            | 0              | 235.0                              | 3.1         | 501.60              |               |
| 2009 (Suppl.)           | 150.0                      | 0           | 0            | 0              | (150.0 in FY2010 Advanced funding) | 0           | 150.00              |               |
| 2010                    | 363.0                      | 0           | 0            | 0              | 300.0                              | 3.8         | 666.8               |               |
| 2010 (Suppl.)           | 100.0                      | 0           | 0            | 0              | 50.0                               | 0           | 150.0               |               |
| 2011                    | 362.0                      | 0           | 0            | 0              | 299.4                              | 3.7         | 665.1               |               |
| 2012                    | 460.0                      | 0           | 0            | 0              | 300.0                              | 3.7         | 763.7               |               |
| 2013                    | 564.404                    | 0           | 0            | 0              | 284.829                            | 3.608       | 852.841             |               |
| 2014                    | 700.0                      | 0           | 0            | 0              | 300.0                              | 3.8         | 1,003.8             |               |

**Notes:** These figures do not include debt relief subsidy appropriations, food aid between 1999-2006, or amounts for de-mining assistance and counter-terrorism assistance.

- a. Suspended in April 1991 under P.L. 102-27; released in early 1993.
- b. Released in late July 1993.
- c. Restrictions on FY1993 funds waived by Presidential Determination (PD) 93-39, Sept. 17, 1993.
- d. FY1994 funds released by PD 94-11, Jan. 13, 1994, waiving restrictions under P.L. 103-87.
- e. Three components: \$30 million (Administration's original request); \$70 million in additional FMF under FY1996 appropriation (P.L. 104-134) to cover balance of F-16 aircraft package; and \$100 million in special drawdown authority (P.L. 104-107).
- f. These figures include \$100 million in economic assistance under the President's Middle East Peace and Stability Fund (\$100 million in FY1997, \$116 million in FY1998).
- g. For each of these two years, FMF figure includes \$25 million in drawdown authority.
- h. Some of these funds were obligated in later years (FY2001 or FY2002).
- i. Total FY2007 supplemental aid to Jordan was \$85.3 million. The above chart does not include \$25 million in NADR funds.

## **Author Contact Information**

Jeremy M. Sharp  
Specialist in Middle Eastern Affairs  
[jsharp@crs.loc.gov](mailto:jsharp@crs.loc.gov), 7-8687